



**Director of  
Central  
Intelligence**

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**USSR-WESTERN EUROPE-US: Pressure on INF**

*Soviet threats of moves involving Berlin and Cuba are intended mainly to force NATO into delaying its INF plans but may foreshadow more serious actions by the USSR.*

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The outgoing Soviet Ambassador to East Germany warned on West German television last week that deployment of Pershing II missiles in West Germany would affect the functioning of the 1971 Quadripartite Agreement on Berlin.

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**Comment:** As initial INF deployments draw nearer, Moscow is intensifying its political and diplomatic pressure on Western Europe, particularly West Germany. The Soviets are unlikely, however, to risk strengthening West German resolve or to jeopardize their West European policy by violating the Berlin accords. In his speech to the Supreme Soviet on Thursday, Soviet Foreign Minister Gromyko noted the importance Moscow attaches to the accords.

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Soviet threats of countermeasures involving Cuba are also intended to stir up US and West European anxieties over INF deployments. While it is unlikely that the Soviets would introduce land-based nuclear missiles into Cuba, they may raise the question of US adherence to the understandings of 1962 as a political tactic.

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A public declaration on the Cuban understandings might also be used to justify military actions short of basing nuclear systems in Cuba. The US Embassy in Moscow, for example, recently speculated that the Soviets might consider sending nuclear cruise-missile submarines to Cuba for port visits.

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**UK-EC: Tentative Budget Rebate**

*The UK has won a \$675 million refund this year from the European Community, contingent on endorsement of a plan to reform EC finances.* [redacted]

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Prime Minister Thatcher had hoped for a \$1.2 billion rebate and insisted that the acrimonious budget debate take precedence at the EC Summit in Stuttgart over the weekend. West German Chancellor Kohl played a mediator's role, acknowledging the legitimacy of the UK's claim that it pays the EC far more than it receives in benefits.

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Kohl insisted, however, on linking the refund to reductions in the costly agricultural subsidy program and corrections in the uneven distribution of contributions to the \$24 billion EC budget. Most EC members—especially those with the greatest profit from EC farm programs—have rejected making any cuts in subsidies solely to accommodate British demands. [redacted]

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**Comment:** EC leaders may have difficulty achieving final approval of the rebate because of continuing divisions over the agricultural subsidy issue and because Thatcher has rejected the leaders' demands for increased contributions from value-added taxes—a major source of EC income. The EC will run out of money next year if it fails to reform its financing arrangements. [redacted]

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Thatcher, however, has won large rebates for the past three years by threatening to withhold the British budget contribution. She almost certainly feels her position has been strengthened by her recent massive election victory. [redacted]

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The Prime Minister's adamant position on a rebate increases her image among British voters as a tough and capable leader, although it has angered her EC partners. By reducing the British budget deficit, the rebate will help Thatcher carry out a main plank in the Tories' economic program. [redacted]

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**Deng Xiaoping**

Age 79 . . . driving force in Beijing's reform effort . . . Chairman, Party Military Commission and Central Advisory Commission . . . formally third ranking of six members on Politburo Standing Committee . . . pragmatic leader, but party man first . . . victim of Cultural Revolution, rehabilitated in 1973 . . . purged by Gang of Four in 1976, but returned the following year.

**Li Xiannian**

Age 78 . . . economic policy specialist . . . has advocated greater emphasis on heavy industrial growth, thus periodically at odds with current priority on light industry and agriculture . . . Minister of Finance, 1954-75 . . . relatively unscathed by Cultural Revolution under protection of Premier Zhou Enlai . . . relatively vigorous despite frequent public absences and reports that he has terminal cancer.

**Peng Zhen**

Age 81 . . . one of China's most prestigious leaders . . . once a top candidate to succeed Mao Zedong as party chairman, but was purged during Cultural Revolution . . . rehabilitated in 1979 . . . prominently involved in efforts to expand scope of law in China . . . as vice chairman of National People's Congress, handled many of the ceremonial duties of his ailing predecessor as chairman, Ye Jianying.

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**CHINA: Appointments by People's Congress**

*The appointment of Deng Xiaoping to head the government's new Central Military Commission—rather than the election of Li Xiannian as president—is likely to be the most important personnel move of the National People's Congress.* [ ]

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Deng's appointment was announced on Saturday, when the congress formally endorsed choices proposed by the party leadership. Li, 78, had been expected to be named the first president since the Cultural Revolution. The congress also named Politburo member Peng Zhen to chair its Standing Committee and ratified the reappointment of Premier Zhao Ziyang. [ ]

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**Comment:** Li, a member of the Politburo Standing Committee, will have largely ceremonial responsibilities as president and no additional power over shaping policy. He has long been reported to have cancer and only recently resumed a more active public schedule. Although he has had differences over economic priorities with China's reformist leaders, Li's most recent statements have been more supportive. [ ]

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The Central Military Commission that Deng now heads is constitutionally empowered to control China's 4-million-man armed forces. Some senior officers apparently opposed the activation of the commission, which would dilute the party's direct authority over the military by formally subordinating it to the council of ministers. Deng's political stature and personal influence make him the leader most capable of overcoming these objections. [ ]

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Chinese spokesmen frequently note that, at 79, Deng's pace has slowed and that he repeatedly has refused the highest party and state posts. Deng remains reluctant, however, to relinquish command of the military while it is undergoing extensive reforms in personnel, training, and structure. He is also head of the party military commission, which may assume a less conspicuous role when the governmental body is fully operational. [ ]

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**ISRAEL: Ehrlich's Death**

*The death of Deputy Prime Minister Ehrlich yesterday could lead to increased strains within the ruling Likud bloc and add to Prime Minister Begin's already depressed mood.* [ ]

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Ehrlich—who was chairman of the Liberal Party component of Likud—suffered a stroke last week and lapsed into a coma on Thursday. According to the US Embassy, Begin visited Ehrlich in the hospital and appeared to be deeply affected by his illness. [ ]

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**Comment:** Ehrlich had been Begin's political confidant for almost two decades, and his absence will certainly weigh heavily on the Prime Minister. Begin has been visibly depressed since his wife's death last November. [ ]

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The political alliance between the Liberals and Begin's Herut Party had been cemented by the friendship between the two men. This alliance could now become more problematic because several Herut leaders are known to want to see a cut in the Liberals' share of patronage to a level more in line with their electoral strength. [ ]

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It is uncertain who will take over Ehrlich's cabinet and party positions, although Energy Minister Modai, who has pushed recently for greater influence in party affairs, probably will make a strong bid. There is some media speculation that former Defense Minister Weizman—with whom Ehrlich reportedly met last week before falling ill—may return to Likud by taking over a senior position in the Liberal Party. [ ]

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**USSR-EAST GERMANY: Ambassador Replaced**

*The replacement of Ambassador Abrasimov may increase the East Germans' uncertainty about their relations with Moscow but probably does not portend a major change in Soviet policy.* [redacted]

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Abrasimov's replacement, Ambassador Kochemasov, is to arrive in East Germany later this month, according to the Soviet political counselor in East Berlin. Kochemasov, who formerly was a deputy premier of the Russian SFSR, was elevated on Wednesday to full membership in the Central Committee. His promotion is in keeping with the status of the other Soviet ambassadors to the Warsaw Pact countries. [redacted]

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**Comment:** East Berlin has sought reassurance that Moscow's policy toward East Germany will not change. While the East Germans probably are relieved to be rid of Abrasimov, they are likely to be disappointed at Kochemasov's comparative lack of stature. [redacted]

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Abrasimov's replacement almost certainly was influenced strongly by succession politics in the USSR, and the new Soviet leaders may have believed that too independent a line on his part would have complicated Moscow's dealings with East Berlin and Bonn. [redacted]

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**NORTH KOREA-SOUTH KOREA: Infiltration Attempt**

South Korean troops killed the three members of a North Korean infiltration team yesterday northwest of Seoul. The team was armed and carried maps of the Seoul area, South Korean uniforms, and espionage equipment. The South Korean Navy had declared an infiltration alert on Saturday after an unidentified vessel approached the northwest coast. [REDACTED]

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**Comment:** Armed North Korean reconnaissance teams have infiltrated South Korea at this time of year since at least 1980, although the incident yesterday was the first to be detected this year. South Korean officials may attempt to link it with their warning of possible efforts by the North Koreans to discourage the International Parliamentary Union from meeting in Seoul in October. Although the team may have had objectives other than reconnaissance, P'yongyang is unlikely to have attempted a terrorist operation so far in advance of the meeting. [REDACTED]

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**GHANA: Coup Attempt Fails**

Forces loyal to head of state Rawlings crushed a coup attempt yesterday after several hours of fighting in Accra. Dissidents, led by a junior officer with ties to radicals jailed after an unsuccessful coup last November, briefly seized the radio station and called for the surrender of government officials. By midafternoon, however, a regime spokesman announced that government troops had the situation under control. The approximately 2,400 Americans in Ghana reportedly are safe. [REDACTED]

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**Comment:** The attempt, at least the fourth in Rawlings's shaky 18-month tenure, appears to have failed because it was poorly organized and equipped and lacked widespread military support. Nevertheless, it probably will increase Rawlings's dependence on his pro-Libyan security adviser. As in the past, the regime could blame the US and the West, which would hamper efforts by moderates to improve worsening relations and gain desperately needed economic assistance. [REDACTED]

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**NICARAGUA: Electoral Study**

Delegations from Nicaragua's quasi-legislative Council of State are visiting South America and Western Europe to study electoral procedures in preparation for drafting a law on elections later this year. In Caracas last week a Sandinista spokesman rejected Venezuelan recommendations that the elections be held earlier than the scheduled time of 1985. He warned that they would be postponed if the insurgency grew worse. While visiting San Jose, the spokesman told the Costa Rican press that elections are important but not fundamental to a democracy.

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**Comment:** The Sandinistas probably will emphasize that their willingness to study other electoral systems and the current discussion of the law on political parties are proof of their commitment to democracy. By raising the possibility that insurgent activity may delay the elections, they probably intend to blame the US for any postponement.

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